
Effect of Organizational Transformation and Organizational Culture on Employee Performance of PT. Pelindo

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Abstract

This study aims to examine and analyze the effect of organizational transformation and organizational culture on the performance of employees of PT. Pelindo. The research focuses on organizational transformation itself and organizational culture change as a consequence of organizational transformation. The influence of transformation and organizational culture on PT. Pelindo's employee performance could optimize the company's performance. Respondents in this study were employees of PT. Pelindo numbered 218 people. This type of research is quantitative, research data is primary data obtained from respondents' answers by filling out questionnaires, data analysis using multiple linear regression.

The study results show that organizational culture transformation affects employee performance, meaning that changes in employee performance levels are largely determined by the success or failure of the transformation being carried out. Organizational Culture affects Employee Performance. Transformation of Organizational Culture affects Organizational Culture, meaning that if the organizational transformation with elements of structural flexibility, autonomy, participation in decision making, communication control and incentive system runs effectively and is supported by all components of the organization's members, a strong organizational culture will be created.

Keywords: Organizational transformation, Organizational culture, Employee performance.

1. Introduction

PT. Pelindo as a port service provider, has various innovations and service improvements continue to be carried out in order to reduce national logistics costs. PT. Pelindo wants to develop by updating itself by following current developments, namely by presenting various technology and information-based service innovations to create national and global competitiveness. The future of the port services industry looks promising in line with the growth of the sea transportation industry, the increasing demand for container and bulk cargo, as well as the expansion of trading centers in the region. However, shifts in economic trends, trade flows, and global demographic patterns are some of the factors that influence business people to continue to adapt to these changes. As one of the business entities in this sector, PT. Pelindo has set a work program to achieve excellence in the competition in the port service industry. The implementation of this work program supports the achievement of the company's strategic target to become an Emerging Industry Leader by transforming it into a "Full-Handling Terminal System & Logistics Integration – Integrated Industrial Port Estate". Innovation and integration efforts in the implementation of work programs are not only the basis for implementing the

company's vision and mission, but also efforts to increase the contribution of PT. Pelindo to the State.

Along with changes that run dynamically in the social, economic and technological aspects, it requires companies as business entities in the port services sector to make the necessary adjustments. Business processes and fast-paced connectivity are indispensable for companies in order to improve service performance and align business activities with service standards that apply globally while still carrying business values that apply nationally as a differentiation. The company believes, with changes in a positive direction, the company will move dynamically in carrying out the innovations needed to support business activities. Building positive changes through the transformation of corporate culture (HR, Process and Technology) as part of the company's efforts to make changes from small to large aspects will have a positive impact on the company's business continuity. Information and communication technology services PT. Pelindo is organized comprehensively through the process of planning, development, operation, and maintenance. The development of the company's information and communication technology is carried out on a capability basis, namely by developing business service capabilities and strengthening the internal capabilities of information technology, human resources and infrastructure.

PT. Pelindo, as one of the business entities in the port sector, increasing economic activity in the era of globalization brings big challenges in port management. In order for the company's competitiveness to remain strong, the development carried out is by innovating and synergizing business as an efficiency effort to reduce national logistics costs, bureaucratic transformation or business strategy transformation carried out by optimization and business development, business transformation through the implementation of port industry 4.0 and development effective and efficient integrated business.

The urgency of this research is the organizational transformation and organizational culture carried out by PT. Pelindo through its human resource development program by diverting a number of implementation activities into an online system which is a form of adaptation to the development of the situation in 2020, in accordance with the policy direction in the use of information technology and digital tools in business processes. Through organizational transformation and the application of organizational culture will optimize the company's performance effectively and efficiently.

2. Literature Review

Jaghargh, Ghorbanpanah, Nabavi, Saboordavoodian and Farvardian (2012). Organizational culture that occurs at Mashhad Electric Energy Distribution Company has a significant influence on employee performance. Employee participation in decision making strengthens a sense of belonging, loyalty, identity and also reduces conflict within the organization. Sulistyaningsih, Dewi, Wijayanti (2012). Organizational culture has a significant influence on employee performance. Organizational culture has a strong influence and a downward trend on employee performance, possibly because when employees work they are affected by the organizational culture in their agency. When the prevailing organizational culture does not motivate or support

employees, their performance will decline.

Porwani (2011). Organizational culture has a positive and significant influence on employee performance. Organizational culture has the power to influence organizational life and work productivity, which organizational culture has the power to affect organizational life and work productivity. This is based on employees who know well the goals of the organization to be achieved. Aan Yulia Lufti, Ade Irma Susant (2015) Organizational transformation has a positive and significant effect on employee performance. The effect of organizational transformation on employee performance is moderately/strongly correlated.

There is a positive relationship between changes in structure, organizational culture and organizational change. Licen (2002), states that organizational transformation changes the organizational structure and describes the impact of the transformation, and builds an organizational culture that supports the success of organizational transformation. Organizational transformation basically changes the structure so that the organization becomes more flexible and has fewer hierarchical levels. Asri Yusril, Nurul Huda, states that there is a positive and significant influence between organizational transformation variables, and organizational culture on employee job satisfaction and employee performance.

2.1 Organizational Culture

Organizational culture is a pattern of beliefs and values in an organization that is understood, inspired and practiced by members of the organization so that the pattern gives its own meaning to the organization concerned and becomes the basis for the rules of behavior (Sobirin, 2005). This means that every organization has a different meaning system. This difference causes each organization to have unique and different characteristics and different responses when facing the same problem.

Geert Hofstede in Wibowo (2010, p.15), states that culture consists of a shared mental program that requires individual responses to their environment. This definition implies that we see culture in behavior, but it is controlled by a deeply implanted mental program. Edgar Schein in Wibowo (2010, p.16), argues that organizational culture is the philosophy that underlies organizational policies, the rules of the game to get along, and the feelings or climate brought about by the physical preparation of the organization.

Rivai and Mulyadi (2012, p.374) states that organizational culture is a framework that guides daily behavior and makes decisions for employees and directs their actions to achieve organizational goals. Organizational culture is a pattern of organizational beliefs and values that are understood, inspired, and practiced by the organization, so that the pattern gives its own meaning and becomes the basis for the rules of behavior in the organization. Organizational culture is used as a controller and direction in shaping human attitudes and behavior in the organization. Organizational culture is expected to have a positive influence on the personal members of the organization as well as on the organization in achieving the vision, mission and goals of the organization.

Robbins (2011, p.512), the primary function of organizational culture is as a clear differentiator

from one organization to another. Organizational culture brings a sense of identity to members of the organization. Organizational culture facilitates the emergence of commitment to something broader than one's individual interests. Organizational culture is a social glue that helps unite the organization by shaping employee attitudes and behavior. Organizational culture functions as a meaning-making and control mechanism that shapes employee attitudes and behavior.

2.2 Organizational Transformation

The transformation of a company is often considered the responsibility of the leader but it is the subordinates who must accept the task and carry it out. In theory this seems ideal, the leader will create a new or evolving vision. If, as has been said in many trainings, subordinates will resist at first, but with consistency, strength and manipulative motivational techniques, they will eventually understand and follow suit, and a new culture is formed. But in reality this has been proven wrong. Most transformational leadership has false and transient results, which serve as a thin layer on top of a new culture that is shallow, disappointing, and increasingly dangerous. The biggest mistake many leaders make is trying to forcefully change the way everyone in the organization thinks. Managers often force, not lead, change. However, the organizational transformation that is imposed on the followers first will be rejected and opposed by them. Successful leaders will impose change on themselves first and then work it out on others.

Popular transformation theory involves treating people like machines that need to be fixed. They lay the responsibility for real change on subordinates while the leader spends time rethinking systems, analyzing breakdowns, breaking morale, and renewing the vision. This concept is wrong in all its emphases, processes, and outcomes. A good transformation is harmonious, transformation must be processed and maintained. Leaders are examples in the transformation process.

True transformation comes from within the heart and mind of the leader. The criterion that is expected to exist in a leader to face all the dynamics and challenges in the company is a learner mentality. This quality is very necessary because it affects the leader's perspective and attitude towards change. Because this is something that cannot be avoided, being an adaptive leader, pro, or even being the initiator of change is an added value than a true leader. This learning mentality is part of the characteristics and characteristics of mature and mature leaders. And, this does not appear in an instant, but is an attitude that must be forged continuously in line with his quest for leadership. Organizations depend on the transformation of their leaders, not on the transformation of their subordinates or systems. The process of implementing change goes from the leader to the small group and then to the whole company. However, the transformation of organizational culture will only be a theoretical explanation and will become a reality if the leaders of the organization continue to learn and develop themselves.

2.3 Employee Performance

In general, performance is a measure of the relationship between the outputs produced by certain inputs. Performance is a specific target which is a management commitment that can be

achieved by employees or organizations. Robbins (2008), states that performance can be measured by productivity, turnover, citizenship and satisfaction.

Mangkunegara (2006:67), employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Performance by Mathis, L.R. and Jackson, H.J. (2006:378) is what employees do or don't do. The success of an organization is influenced by the performance of human resources, for that every company will try to improve employee performance in achieving organizational goals that have been set. An organizational culture that grows and is well maintained will be able to spur the organization toward better development. On the other hand, the ability of leaders to mobilize and empower their employees will affect performance.

3. Research Methodology

This study uses a quantitative approach, data collection using a questionnaire given directly to the respondents. The population in this study were employees of PT. Pelindo, totaling 477 people. By using the formula proposed by Slovin, the number of samples taken in this study was 218 respondents. Sampling in each work unit was carried out by proportional random sampling. Data analysis used multiple regression analysis, namely to determine the effect of several variables of cultural transformation and organizational culture on employee performance variables.

There are 3 variables that are the focus of this research, namely Organizational Transformation is the independent variable (X_1), Organizational Culture is the dependent variable (X_2) and Employee Performance (Y) is the dependent variable.

3.1 Organizational transformation (X_1)

Organizational transformation (X_1) is a process of organizational change that includes structures and processes in order to improve performance in accordance with the dynamics of the development of the organizational environment. Gouillart and Kelly (1995). The indicators used to measure organizational transformation variables include: 1) Flexibility of structure, 2) Autonomy, 3) Participation in decision making, 4) Control, 5) Communication, 6) Incentive system.

3.2 Organizational Culture (X_2)

Organizational Culture (X_2), is a value system that is believed and practiced by members of the organization so that it distinguishes the organization from other organizations (Robbin, 2008). The indicators used to measure organizational culture variables include: 1) Innovation and risk taking, 2) Attention to detail, 3) Result orientation, 4) Human orientation, 5) Team orientation, 6) Aggressiveness and Stability.

3.3 Employee Performance (Y)

Employee Performance (Y), is the result or level of success of a person as a whole during a certain period in carrying out tasks compared to work standards, targets or targets or criteria that have been determined in advance and have been mutually agreed upon (Mangkunegara 2006).

The indicators used to measure employee performance variables include: 1) Quantity, 2) Quality, 3) Reliability, 4) Attendance, 5) Ability to work together.

4. Research Results

4.1 Multiple Linear Regression Analysis

Based on the results of the calculation of data processing with the SPSS 21.00 program, it is obtained the multiple linear regression equation in Table 1.

Table 1 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	-10.399	1.306		-7.959	.000
Cultural Transformation (X ₁)	.404	.056	.473	7.262	.000
Organizational Culture (X ₂)	.269	.034	.522	8.019	.000

Dependent Variable: Employee Performance (Y)

Based on the results of the regression analysis in Table 1, the regression constant value is -10.399 with the regression coefficient of the cultural transformation variable (X₁) of 0.404, the regression coefficient of the organizational culture variable (X₂) of 0.269 so that the regression equation is obtained as follows: $Y = -10,399 + 0,404X_1 + 0,269X_2$

The interpretation of the regression equation is that the regression constant is very low and even has a negative value indicating that the value of the employee performance variable will be very low without any transformation of organizational culture and organizational culture. The regression coefficient for organizational culture transformation is 0.404, indicating that an increase in organizational culture transformation by one unit will increase employee performance by 40.4% provided that the value of other employee performance variables remains. Furthermore, the coefficient of organizational culture variable of 0.269 indicates that employee performance will increase by 26.9% if there is an increase in organizational culture by one unit provided that the value of other employee performance variables remains.

4.2 Coefficient of Determination (R)

Table 2 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993 ^a	.986	.986	1.56031

a. Dependent Variable: Y

b. Predictors: (Constant), X₁, X₂

The coefficient of determination shows the simultaneous influence of the independent variables of organizational culture transformation (X₁) and organizational culture (X₂) on the dependent variable of employee performance (Y). The results of the regression analysis in Table 2 show that the adjusted R Square value of the regression model is 0.986. This shows that the contribution given by all variables of organizational culture transformation (X₁) and organizational culture (X₂) to employee performance variable (Y) is 98.6%, while the remaining 1.4% variance of employee performance is influenced by other factors.

4.3 Hypothesis Test

Based on Table 2, it can be seen that the effect of each variable partially is as follows:

Organizational Culture Transformation Variable (X₁) based on calculations obtained t count of 7.262 > t table 0.1443 with a significance level of 0.000 < 0.05). Because tcount is greater than t table, then H₁ is accepted, meaning that Organizational Culture Transformation (X₁) has a significant effect on Employee Performance (Y).

Organizational Culture Variable (X₂) based on calculations obtained t count of 8.019 > t table 0.1443 with a significance level of 0.000 < 0.05). because t count is greater than t table, then H₂ is accepted, meaning that Organizational Culture (X₂) has a significant effect on Employee Performance (Y).

5. Discussion

Organizational Culture Transformation affects employee performance, meaning that changes in employee performance levels are largely determined by the success or failure of the transformation being carried out. Organizational transformation related to employees can be done by giving employees the opportunity to make choices in achieving performance targets in accordance with the flexibility of the structure. In the element of Autonomy, employees have the authority to complete the assigned tasks. Employees participate in decision making. The policies, authorities, responsibilities and job descriptions of each section have been regulated in the organizational structure. Communication that occurs at this time is able to create good relations between fellow employees. The results of this study support research from Licen, (2002), which states that organizational transformation changes the organizational structure and

describes the impact of the transformation, as well as building an organizational culture that supports the success of organizational transformation. Organizational transformation changes the structure so that the organization becomes more flexible and has fewer hierarchical levels. Asri Yusril, Nurul Huda, states that there is a positive and significant influence between organizational transformation variables, and organizational culture on employee job satisfaction and employee performance.

Organizational Culture affects Employee Performance, meaning that changes in employee performance levels are determined by organizational culture with elements of Innovation and risk taking, Attention to detail, Orientation to results, Orientation to people and Orientation to the team. Leaders are able to encourage employees to innovate or new ideas in their work. In completing work, employees always emphasize work results, but still pay attention to the work process to achieve optimal results. In completing the work, employees always perform in accordance with the procedures established by the company. Related to Aggressiveness and Stability, with a conducive organizational culture, the work atmosphere and environment will greatly encourage efforts to complete and smooth quality work, so as to improve the performance of employees. The results of this study support the research conducted by Sulistyarningsih, Dewi, Wijayanti (2012). Organizational culture has a significant influence on employee performance. Organizational culture has a strong influence and a downward trend on employee performance, possibly because when employees work they are affected by the organizational culture in their agency, Porwani (2011). Organizational culture has a positive and significant influence on employee performance. Organizational culture has the power to influence organizational life and work productivity.

6. Conclusion

Based on the analysis of research results and discussion, it can be concluded as follows: Organizational Culture Transformation has a significant effect on employee performance, where the process of organizational change which includes structural flexibility, autonomy, participation in decision making, control, communication and incentive systems has an effect on improving employee performance at PT. Pelindo and has been in accordance with the dynamics of the development of the organizational environment.

Organizational culture has a significant effect on employee performance, namely changes in employee performance levels are determined by organizational culture, where leaders are able to encourage workers to innovate or new ideas at work, emphasize work results, but still pay attention to work processes to achieve optimal results. In completing the work, employees always perform in accordance with the procedures established by the company. Implementation of Aggressiveness and Stability in building organizational culture, employees feel comfortable with organizational conditions, employees will work diligently in carrying out tasks that have become responsibilities, so that employee performance will increase.

As a recommendation from the research results, several things can be suggested to the management, namely: Creating a conducive work environment through the implementation of a transparent work culture and performance management system. Regarding the implementation of

organizational culture in the internal environment, in line with the ever-changing business challenges, it is necessary to measure the effectiveness of organizational culture so that it can be seen whether there is alignment between employee personal values and organizational values and so that it is always relevant to business demands.

Corporate culture is the value in action (value in action), so to strengthen the corporate culture, the most important thing is the existence of a role model from the leadership. In addition, it is socialized in simple language and is associated with factors/criteria in performance appraisal. It is intended that all employee actions refer to the built work culture.

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